



GS1 Retail & Consumer Goods Newsletter

April 2011



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Best practices for a more efficient, safe and sustainable supply chain

Introducing the Retail & Consumer Goods Newsletter

Billions are lost due to inefficiencies in the supply chain. For example, UK retailers and manufacturers will lose sales of around £300 million due to bad data over the next 5 years, according to the GS1 UK Data Crunch (2009), \$458 billion of fresh foods are lost to spoilage every year (IBM report, 2010).

With globalization and the multiplication of trading partners, supply chain efficiency is becoming more challenging than ever. In addition, product safety and sustainability are a growing concern, with increasing regulatory pressure adding to the complexity.

In order to better face these new challenges, GS1 and its 108 Member Organizations are working with companies in the Retail & Consumer Goods sector, enabling collaboration between trading partners to develop visibility in the retail value chain and to build a trusted connection with consumers.

In this newsletter, you'll find examples of companies leading the way with GS1 standards, solutions and services, towards a more efficient, safe and sustainable supply chain.

This newsletter will cover sectors like Retail, Fast Moving Consumer Goods, Apparel & Footware, DIY/ Hardline, Consumer Electronics, Books & Media, etc.

To contribute to the Retail & Consumer Goods Newsletter, contact Christine Cecil at christine.cecil@gs1.org.





What's ahead for RFID in Retail & Consumer Goods?

Mark Roberti, from RFID Journal, shares his thoughts on where RFID is taking off in this sector.



Companies are looking at tagging the more expensive items, or items that are out of stock often, or those where the shrinkage rate is high.

The RFID Journal is a leading global source of news on radio frequency identification and its many business applications. Mark Roberti, founder and editor, gives us his vision of the future of RFID in the retail and consumer goods sectors.

Retailers and manufacturers of consumer packaged goods were among the leaders in exploring the benefits of tracking cases and pallets using RFID systems based on Electronic Product Code (EPC) standards. Those pioneering efforts didn't bear fruit — the technology was perceived as too costly and challenging to deploy and didn't get the backing of enough retailers. However, Mark pointed out, things are changing and retailers and CPG companies are taking another look at RFID.

"Mass merchandise retailers, department stores and specialty chains have been deploying RFID to track clothing items," Mark said, "The big benefits are improved inventory accuracy and better replenishment, which leads to more sales. Clothing is ideally suited to tracking with RFID because it is RF-friendly so read rates are extremely high, and there are many sizes, colours and styles, which makes tracking inventory with bar codes a challenge."

Mark feels the adoption of RFID to track clothing is driving the cost of tags down and improving the sophistication of readers, and this is making it easier for CPG companies to deploy the technology. Most are looking at tagging the more expensive items, or items that are out of stock often, such as razor blades and batteries, or those where the shrinkage rate is high: "But this time, as companies go to deploy, the technology is better and they have more experience about how and where to use RFID to drive business benefits."

RFID Journal can be found online at <http://www.rfidjournal.com>

Achieving 95% inventory accuracy in apparel with RFID

Clear benefits from item-level tagging of clothes and shoes for suppliers and retailers

In the past 18 months, the clothing and shoe sector has seen a take-off in full-scale deployments of RFID, and the benefits are starting to become very clear.

Large ranges of sizes, colors, and styles; short product lifecycles due to seasons and fashion; production in Asia for sale in the US and Europe... Trading partners in the apparel supply chain struggle with inventory nightmares, out-of-stock crises and shipping/receiving headaches – as well as facing shrinkage issues and tight go-to-market timelines.

RFID can provide excellent solutions to all of these pain points.

Jones Apparel Group, Macy's, Dillard's, JC Penney, Gap/Banana Republic, Marks & Spencer, Bloomingdales and Gerry Weber are among the companies who have already begun RFID deployments.



60 unique business cases identified for RFID in Apparel

GS1 is working on establishing global guidelines for the use of item-level tagging in the textile industry - Join the GS1 Value Chain Processes Group to participate.

Contact Audrey Kremer at Audrey.kremer@gs1.org

These businesses are finding that RFID greatly helps reduce the time their staffers spend searching for a certain size or model in a storeroom. RFID also reduces time spent receiving goods at the store and the time required to perform cycle counts. Finally, RFID brings huge improvement in inventory accuracy, bringing accuracy to over 95% compared to an industry average of 62% – and with RFID deployed, stores can take inventory as often as they wish. 60 unique business cases for RFID in apparel have been identified by the University of Arkansas (download the free report at: <http://itri.uark.edu>).

GS1 US and GS1 Canada have been actively working with retailers and manufacturers on the Item Level RFID Initiative, creating a framework for industry engagement, education



and adoption of EPC/RFID (<http://www.gs1us.org/sectors/apparel>). GS1 Hong Kong has been collaborating with them to launch an item-level tagging vendor support programme. Other cases are rolling out in Europe too with proven success.

Interested in the possibilities EPC/RFID could bring to your business? Contact your local GS1 Member Organisation <http://www.gs1.org/contact>

Be ready to assess the privacy impact of your EPC/RFID solutions

GS1 collaborates with the European Commission on the launch of the Privacy Impact Assessment framework

GS1 collaboration with members of industry, trade associations and academia has resulted in the acceptance by the European Commission of the Privacy and Data Protection Impact Assessment Framework for RFID Applications.

The Privacy Impact Assessment (PIA) Framework was called for in the Commission's RFID Recommendation, in May 2009. The PIA Framework, officially endorsed in February by the Art. 29 Working Party, the body representing the EU National Data Protection Authorities, will be used by European industries using RFID applications of all kinds. GS1 EPCglobal is working now on templates to help industry conduct a PIA on its EPC/RFID applications. Companies will have to start conducting PIAs on their EPC/RFID applications before the end of this year.



The Commission formally endorsed the Framework end of March and the European Digital Agenda Vice-President Neelie Kroes hosted a signing ceremony, with, amongst other senior officials, GS1 CEO Miguel Lopera.

You can find the PIA Framework and translations in all 21 EU languages at http://ec.europa.eu/information_society/policy/rfid/index_en.htm

Bad data means lost millions for retailing in India

Data quality study builds business case for data synchronisation in India

Traditionally, retailing in India takes place largely through the 12 million traditional mom/pop outlets. Organised retailing is a recent development and accounts for less than 5% of retailing in the country. This organised retail sector, however, has been growing rapidly each year and is expected to grow from US\$350 billion today to over US\$500 billion by 2015. The Confederation of Indian Industry (CII) set up a sub-committee on IT & Standards chaired by GS1 India.

IBM India conducted a study on current product data quality of about 10,000 SKU and estimated that the financial loss due to product data-related inefficiencies is between US\$175-225 million per year.

Over **\$175 million** lost in India due to product data inefficiencies

The study revealed a proliferation of multiple GTIN for an SKU, creating problems in out-of-stock and promotions management. There was a poor correlation between product data at retailer's and supplier's end which showed inefficient product data sharing processes between them in master data management. Each stakeholder appeared to maintain his own independent product data. Both retailers and suppliers spend considerable time in management and maintenance of product master data (avg. 10 to 30% of their time, between 25 to 100 man hours per month).

This illustrates the importance of maintaining an accurate and consistent product master data. GS1 helps bring together Consumer Goods suppliers and retailers to collaboratively address product data related issues.

For more information, contact: info@gs1india.org

Dutch retailers aiming for 100% accurate data by end 2012

The Dutch retail sector sets ambitious goals with a community-driven approach to data quality

Retailers and suppliers in the Netherlands have realised that data quality should be higher on their agenda. Bad quality of product data costs millions of euro to the sector. Product data are being entered at various steps in the value chain and this process is prone to errors: incorrect dimensions, incorrect product descriptions, etc.



To ensure that quality data are shared, the Dutch retailers and suppliers are getting started on the GS1 Data Alignment Service (DAS) project in 2011, aiming to electronically exchange data via GS1 Netherlands' GDSN-certified data pool by the end of 2012. They have set themselves an ambitious goal: all the participants of the GS1 DAS data pool must be able to score 100% on their data by the end of the year.

"The consequences of incorrect data are vast," said Peter van Mourik, Director Buying & Merchandising C1000, a participating Dutch retail chain with 371 stores, "We are confronted with so many incorrect master data that we have to test our planograms twice before actually sending them to the stores."

"We have to deal with more and more products on the shelves, with more demanding customers and with increased competition," added Bart Kuppens, Commercial Director Procter & Gamble Netherlands, also actively driving this project. "The conclusion is straightforward: only accurate master data will allow for efficient management of our supply chain. This is often underestimated."

For more information: <http://www.gs1.nl/datakwaliteit/> or contact datakwaliteit@gs1.nl

Cutting costs with better demand forecasting

Bavaria Brewery and Ball Packaging automate orders and stock check with the GS1 Upstream Integration model

Unpredictable consumer demand causes many uncertainties in the supply chain as trading partners ask themselves what quantities of which type of raw material or semi-finished product must be delivered when and where.

A natural response to these uncertainties is to build up emergency stocks, which leads to overcapacity, large orders and long delivery times. Research shows that the related costs can be as much as 40% of total inventory costs and administrative costs may be up to 20% higher than they need to be.

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Better demand forecasting can bring major cost savings. The GS1 Upstream integration Model helps manufacturers and their suppliers improve forecasting and inventory management, by sharing information and improving visibility of demand, demand changes and inventory.

With the help of GS1 Netherlands, two trading partners are seeing the benefits of this solution: Bavaria Brewery produces beer and lager under a variety of brand names. Ball Packaging is one of the leading beverage can producers in Europe. Ball

Packaging delivers up to six million cans per day to Bavaria.

Beer and lager are subject to erratic and unpredictable consumer demand, but Bavaria is known for its high reliability in delivering to retail points of sale. Their downstream processes have been electronically automated and standardised for years, but their upstream relationships with suppliers were still occurring primarily by fax, phone and e-mail – making them time-consuming and error-prone.

To speed up their order and delivery processes, Bavaria and Ball Packaging implemented a new method: orders from Bavaria are now automatically entered into Ball Packaging's system, which does an instant stock check as well. In a second phase, the consignment note will also be managed electronically.

The impact on the processes was real. The most noticeable benefit was a reduction in the amount of manual work. "Our employees can now focus on the exceptions," said logistics account manager Roel van Lierop of Bavaria, "and this allows us to intervene more quickly if something is not going well. It increases our flexibility, because you can only be flexible if the rest of the work occurs error-free."

Both companies see the advantages of building their efforts upon globally accepted and proven GS1 standards. As van Lierop noted, "We can easily copy the method to other suppliers and we do not have to invent the wheel again. The same goes for Ball Packaging. They can roll out to other manufacturers, and not only nationally, but also internationally."

Learn more about GS1 Upstream Integration at <http://www.gs1.org/upstream>

Automating ordering and instant stock check with upstream suppliers thanks to GS1 standards has reduced errors and manual labour, and increased the company's flexibility.



EFFICIENCY



The Global Scorecard: how does your company's use of standards compare?

Benchmark your company's use of standards so that you can identify problem areas and better target your plans

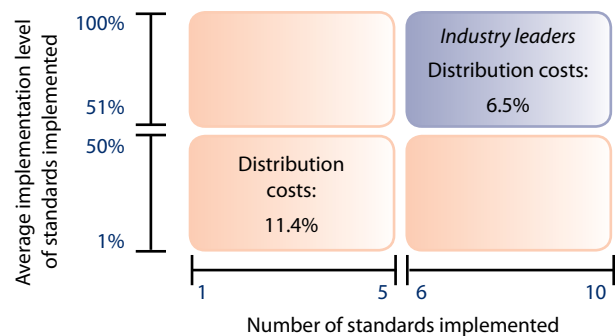
The "Global Scorecard" is an annual survey on the impact of implementing GS1 standards, run by the Consumer Goods Forum, in collaboration with GS1. It provides a common measurement system for companies to understand how well they are doing in the adoption and use of standards and what benefits they should expect.

Up to 43%
reduction in
distribution costs
from implementing
GS1 standards

By benchmarking themselves against other groups within the same geography, within the same distribution channel or product category, companies can identify problem zones and put corrective plans in place.

The 2010 Global Scorecard results are clear: standards are invaluable and can provide a competitive advantage.

Companies using GS1 standards for orders show significant improvement for their store service level/fill rates. Companies that



implement GS1 standards across 50% or more of their products generally profit from significantly lower distribution costs (see illustration). Companies who have EDI for invoices implemented on a level above 50% improve invoice accuracy and save money. And these are just a few examples!

Participate in the next Global Scorecard - the deadline is now (April 2011)! To do so, contact the GS1 organisation in your country: www.gs1.org/contact

For more information, read the executive summary of the 2010 Global Scorecard (http://www.globalscorecard.net/live/download/CGF_compliance_survey_2010_exec_sum.pdf).



SAFETY

Building a holistic approach to food safety

700 food safety specialists from over 40 countries got together at the Global Food Safety Conference this year

The Global Food Safety Initiative (GFSI) is a collaboration between some of the world's leading food safety experts from retailer, manufacturer and food service companies, as well as service providers working in the food supply chain, all coordinated by The Consumer Goods Forum.



"Creating a Global Food Safety Culture" was the theme of the Global Food Safety conference this year, organised in London in February 2011. 50% of mistakes in food safety procedure relate to management culture failures. A holistic approach to food safety means going further than the usual testing mechanisms and recognising that a company's corporate culture has a vital role to play.

GS1 is actively collaborating to improve food safety with solutions such as Traceability, Product Recall and MobileCom activities, and many GS1 countries were present at this Conference to show how GS1 standards can help.

Indeed, protecting consumer health lies in the ability to exchange relevant information in a timely manner to the right audience. Here, GS1 standards play an important role in managing traceability and recalls between trading partners and across countries.

In addition, mobile devices are more and more being used to communicate allergens and nutritional information to consumers and GS1 is working to enable the access to accurate and trusted product data.

The next Global Food Safety Conference 2012 will be held in February 2012 in Orlando.

If you would like more information, contact Diane Taillard on Traceability and Mobile Com (diane.taillard@gs1.org) and John Keogh on Product Recall (john.keogh@gs1.org).



Unilever: Sustainability as a way of doing business

Nigel Bagley speaks about Unilever's best practices on sustainable development and about the key role of organisations like the Consumer Goods Forum & GS1



Unilever has been the leader of the Food & Beverage 'super-sector' of the Dow Jones Sustainability Index for twelve years now. Nigel Bagley, Director, Industry Affairs, Global Customer Development at Unilever, tells us about the Unilever Sustainable Living Plan and its ambitious goals like 'Halve the environmental footprint of our products by 2020'.

"To us, it is not just about considering the impact of our manufacturing processes", says Nigel. "We're not just working on the impact of making a bottle of shower gel. We're also looking at the impact of our consumers using that gel. We're taking a full life cycle view of the topic."

No matter how strong Unilever's internal efforts are, they won't succeed in making a real difference unless the whole industry has the same objectives. This is where the Consumer Goods Forum is important. "It's a fantastic enabler to get the industry focused," said Nigel. "Where else can you get 50 CEOs working together towards a common goal?"

The Global Packaging Project is one of the first projects, a building block for others to come. "We need a framework to understand where to focus," Nigel said. "For example, people assume less packaging is always a good thing, but if we reduce packaging too much, then the product could fall apart during shipping, or it might not get used properly because we don't have space to put clear directions – and there would be more waste."

To succeed, it is important to drive actions all the way down to the local levels — but in a way that is manageable globally. And that's where Nigel sees the power of GS1: "GS1 is our industry's organisation for managing a standardised way of gathering information and for enabling ways of sharing that information."

He sees the role of standards as critical here: "We have to be careful to not create more work for multinational companies – for example, we cannot have local sustainability databases to fill in. We have to have global standards or the cost will defeat the whole exercise."

Nigel Bagley concluded that sustainability is a long-term issue: "There's a lot to do, on all sides. There is a lot of interest from consumers, so we need to do it fast... but we really have to think as we move forward, so we're doing it right."

Read all about the Unilever Sustainable Living Plan at <http://www.sustainable-living.unilever.com/>

Going green? Start by measuring your level of sustainability

The Global Packaging Project: a common measurement system for sharing sustainability information on packaging

76% of companies have incorporated sustainability criteria into some or all of their supply chain management processes, according to a survey by Aberdeen. Sustainability has become a strategic priority.

The first step is for companies to start measuring the sustainability of their products and processes. Only then can they decide where to focus and set targets for improvement. However, try typing "carbon footprint" in your search engine, you'll get a long list of calculators, all using different – and therefore non-comparable – methods for calculation.

Yet sustainability is a shared responsibility and companies need a common language for talking about it. The Consumer Goods Forum on Sustainability has been working on this with key industry players.

The Global Packaging Project has developed a set of common metrics for packaging and sustainability. These metrics include over 30 environmental, economic and social indicators such as packaging weight, recycled content and water consumption, but also toxicity, product wastage and child labour.

Thanks to these common industry metrics, retailers and manufacturers will be able to work together to develop packaging solutions that help achieve agreed sustainability goals.

The idea is not for everyone to fill in all the indicators, but to select an area of focus and start measuring. For example, if a retailer wishes to reduce their transportation costs, they can select the relevant metrics and use them as a basis for discussion with their trading partners. Or if a manufacturer doesn't know the answer to an indicator like child labour, this might be an incentive to try to identify gaps of information in their supply chain.

GS1 will enable the exchange of these sustainability-related packaging metrics through the value chain thanks to the Global Data Synchronisation Network (GDSN).

Learn more by contacting Diane Taillard, Director of Solutions, GS1: diane.taillard@gs1.org.

Download the Global Packaging Project report at <http://globalpackaging.mycgforum.com/>

Common metrics include over 30 environmental, economic and social indicators





Only 9% correct product descriptions in mobile scanning apps

GS1 UK study shows need for providing consumers with authentic product data

GS1 UK has recently published a study showing the impact of poor product data on shopper behaviour. The UK tested 3 mobile scanning applications with 375 products and found that only 9% of products had correct product descriptions in all the apps.



A separate consumer survey explored the negative effect of poor product data on consumer trust and buying behaviour. Fifty percent of consumers claimed that they needed an accurate description and image to feel confident that the product is the right one. And 34% of consumers said they would not buy the product at all without confidence in the data.

Access the GS1 UK "Mobile-savvy shopper" report at http://www.gs1uk.org/RESOURCES/HELP_SUPPORT/Pages/White-Papers.aspx.

GS1 is working on the B2C project, with the goal of becoming a trusted source of product data, supporting the communication of authentic product data provided by brand owners to retailers, internet application providers, government, and consumers and shoppers using internet and mobile devices.

For more information on the GS1 B2C project, contact Cameron Green at cameron.green@gs1.org.

TESCO

From your scan to our van

Tesco's latest advertising campaign in the UK shows how consumers can order their groceries online by simply by scanning GS1 product barcodes with their mobile phones:

<http://www.tesco.com/tesco-tv/>

Attracting consumers with digital coupons

Join the GS1 Digital Coupons Work Group to benefit from more effective and efficient couponing campaigns

Recent research from Accenture asked shoppers would most like to see in a mobile application. Over 72% considered coupons to be useful. This results is no surprise – in general consumers love the opportunity to save money.

However, despite the consumer benefits they bring, coupon campaigns are often untargeted and inefficient. Companies that have committed to working on a standards-based approach to digital couponing facilitated by GS1 believe they can change this.

Proliferation of digital coupons is likely to be beneficial for all stakeholders that are involved in the couponing value chain. The mobile channel is of strategic importance for brands and retailers alike and the time is right to look into it. Indeed, mobile couponing campaigns are a reality in many countries today and usage is rapidly increasing.

The Digital Coupons GS1 work group is being formed to develop a standard identification and attributes for digital coupons. Globally unique identification keys are seen as a key enabler for couponing on the internet and mobile phones to become more widely used.

The workgroup already has good links to couponing associations and other industry groups who are keen to see standards defined so that digital solutions can be developed. Work will commence as soon as quorum is reached with the minimum number of participating companies from representative groups.

To participate in this work group, contact Cameron Green at cameron.green@gs1.org.



NEWS AND EVENTS

The 2020 Future Value Chain : a vision for the industry's future

Trends and strategic objectives for the next decade



Hundreds of executives from leading retailers, manufacturers, academics, third-party providers and industry organisations in the consumer goods and retail industry have worked together to build a comprehensive vision of the industry's future, written by the industry, for the industry.

The newly published 2020 Future Value Chain report first analyses the industry trends for the coming 10 years. It then defines a set of strategic objectives on which the consumer goods and retail industry should focus:

1. Make business more sustainable, an objective that must move from niche activity to corporate norm.
2. Optimise a shared supply chain, in which "collaborating to compete" becomes the new way of working.
3. Engage with technology, to welcome the impact of next-generation technology and our consumers' wide adoption of it.

4. Serve the health and well-being of consumers, who are more and more frequently focused on quality of life.

Among the main conclusions of the report: these four objectives are relevant both globally and locally, and in order to be ready for 2020, the consumer goods and retail industry needs to increase collaboration.

The result is a comprehensive vision of the industry's future, written by the industry, for the industry. Among the conclusions: that we as an industry need to increase collaboration.

GS1 has a role to play here as one of the key enablers of industry collaboration. Our GS1 standards and solutions are designed to provide four key benefits perfectly aligned with the 2020 Future Value objectives: Sustainability, Supply Chain Efficiency, Collaboration and Product Safety.

The 2020 Future Value Chain Report was published by The Consumer Goods Forum, with support from Capgemini, HP and Microsoft. You can download the report at www.Futurevaluechain.com

Save the date!

Join GS1 or GS1 representatives at one of these upcoming retail supply chain events.

For more information about any of these events, contact your local GS1 Member Organisation: www.gs1.org/contact

Europe and the Internet of Things Conference 2011

Date: 16 May 2011

Budapest, Hungary

www.internet-of-things.eu/events/conference-europe-and-the-internet-of-things-leading-the-way-forward

U Connect Live

Date: 31 May 2011- 03 Jun 2011

Orlando (FL), United States

<http://uconnect.gs1us.org/>

European Retail Technology Summit 2011

Date: 31 May 2011- 01 Jun 2011

Berlin, Germany

Languages: English

www.itsummit.eu

The Consumer Goods Forum Global Summit 2011

Date: 15 June 2011- 17 Jun 2011

Barcelona, Spain

www.tcgfsummit.com/

GS1 MobileCom/B2C Day 2011

Date: 29 June 2011 WorldWide Virtual Event

30 local GS1 offices organizing events, 3 global webinars

www.gs1.org/mobilecomday2011

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